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HOW TO USE FARM CREDIT.

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There is no magic about credit. It is a powerful agency for good in the hands of those who know how to use it. So is a buzz saw. They are about equally dangerous in the hands of those who do not understand them. Speaking broadly, there are probably almost as many farmers in this country who are suffering from too much as from too little credit. Many a farmer would be better off to-day if he had never had a chance to borrow money at all, or go into debt for the things which he bought. However, that is no reason why those farmers who do know how to use credit should not have it.

NATURE AND USE OF CAPITAL.

There is no mystery about credit or capital. Capital consists of tools and equipment, though sometimes we speak of it as though it were the money necessary to buy the tools and equipment. Capital and land are the factors which call for investment by the farmer. Thus the large use of capital in farming has come because of the invention of agricultural machinery. When farming was done with a few very simple tools, most of which were made either by the farmer himself or by the local blacksmith, capital did not play a large part in agriculture. Another way of saying the same thing is that it did not take much money to buy all the equipment the farmer needed or knew how to use. The purchase of land was the only thing requiring much money, and land, in this country, was either free or very cheap. Therefore, there was very little money required to start in agriculture. At the present time, not only is the price of land rising, but the equipment of a farm requires more capital because of the increased use of improved machinery. This is likely to increase more and more as the years go by.

NOTE.—This bulletin is intended to help farmers with the business side of their enterprises and is suitable for all sections of the country.

Capital is brought into existence in only one way—that is, by consuming less than is produced. If one has a dollar, one can spend it either for an article of consumption, say confectionery, or for an article of production, say a spade. He who buys a spade becomes a capitalist to the amount of a dollar—that is, he becomes an owner of tools. The process is precisely the same, whether the amount in question is a dollar or a million dollars. If he does not have the dollar, his only chance of getting the spade is either to borrow it or borrow the money with which to buy it. That is, he must use credit. Again, the process is precisely the same, whether the amount be a dollar or a million dollars.

HOW CAPITAL IS SECURED.

There are, therefore, only two ways of securing capital for the equipment of a farm. One is to accumulate it oneself, by consuming less than one produces; the other is to borrow it. The advantage of borrowing is that one does not have to wait so long to get possession of the tools and equipment. One can get them at once and make them produce the means of paying for themselves. Without them, the farmer's production might be so low as to make it difficult ever to accumulate enough with which to buy them. With their help, he may be able to pay for them—that is, to pay off the debt in a shorter time than it would take to accumulate the purchase price without them. That is the only advantage of credit in any business, but it is a great advantage to those who know how to use it.

PROPER AND IMPROPER USES OF CREDIT.

Shortsighted people, however, who do not realize how inexorably the time of payment arrives, who do not know how rapidly tools wear out and have to be replaced, or who do not keep accounts in order that they may tell exactly where they stand financially, will do well to avoid borrowing. Debts have to be paid with deadly certainty, and they who do not have the wherewithal when the day of reckoning arrives, become bankrupt with equal certainty.

On the other hand, there is nothing disgraceful about borrowing for productive purposes. The feeling that it is not quite respectable to go into debt has grown out of the old habit of borrowing to pay living expenses. That was regarded, perhaps rightly, as a sign of incompetency. It was then natural that men should not like to have their neighbors know that they had to borrow money. But to borrow for a genuinely productive purpose, for a purpose which will bring you in more than enough to pay off your debt, principal and interest, is a profitable enterprise. It shows business sagacity and courage and is not a thing to be ashamed of. But it can not be too much emphasized

that the would-be borrower must calculate very carefully and be sure that it is a productive enterprise before he goes into debt.

This distinction between borrowing for a productive purpose and borrowing to pay living expenses will help to explain why religious leaders in times past have been opposed to interest. It is undoubtedly a bad practice for men to borrow money with which to buy articles for consumption, except in the most extreme cases. Articles for consumption are goods which are used to satisfy desires rather than to assist in production. Before the days of expensive machinery, when capital was not an important factor in production, such a thing as borrowing for productive purposes was practically unknown. The only borrowing that was done was for the purpose of buying nonproductive goods. This is a bad practice.

OBJECTION TO USE OF CREDIT.

The question may be asked, however, why did not the early guardians of society forbid borrowing instead of forbidding the taking of interest? The reason was that so long as the usurers were permitted to offer loans, many shortsighted people would yield to the temptation to borrow. Since the purpose for which they borrowed added nothing to their earning capacity, they were in no better position to accumulate money after they borrowed than they had been before. If they had been able to accumulate anything before, they would not have needed money. The fact that they had not been able to accumulate anything before would be pretty conclusive proof that they would not be able to accumulate enough to pay the debt. Therefore, they put themselves into the clutches of the usurer.

Rightly or wrongly this was the attitude of the early religious and moral leaders on the subject of usury, or interest. Instead of forbidding shortsighted borrowing, as all borrowing for purposes of consumption is, they went to the root of the matter, and attacked lending for interest. Since the use of productive machinery, that is, capital, has come to play such an important rôle, these considerations do not apply to borrowing for productive purposes. Therefore, discriminating modern leaders and teachers do not oppose the taking of reasonable interest. In fact, the State regulates this matter by fixing the maximum legal interest charge. There is need, however, of a revival of sentiment against lending for nonproductive purposes, which was all that the early leaders and teachers opposed.

PRINCIPAL MORE IMPORTANT THAN INTEREST.

In the payment of a debt it is not the interest but the principal which gives the greatest trouble, except where interest rates are exorbitant. If a man borrows \$100 for a year at 7 per cent, he has to pay, at the

end of the year, \$107. If he borrows at 5 per cent, he has to pay \$105. The difference is \$2. Now, \$2 is not to be despised. Good business consists in large part in looking after just such items as this. Nevertheless, it is only a little harder to pay \$107 than to pay \$105. The point is that the principal is the same in either case, and it is the principal which gives the greatest trouble.

The reason it has seemed necessary to emphasize this elementary fact is that many people seem to imagine that if interest on farm loans can be reduced from 7 per cent to 5 per cent, or from 6 per cent to 4 per cent, conditions will be made easy for the farmers. It is important that interest rates be lowered wherever it is economically possible, but it is vastly more important that farmers should learn how to pay back the principal easily. The only way to do this is to use the money borrowed in such a way as to put one in possession of the means of repayment. If the \$100 which a man borrows is spent for fertilizer, which adds \$125 to the value of his crop, he should not find any great difficulty in repaying the loan, both principal and interest. If he uses it in such a way as to add only \$75 to his crop, he will have some difficulty in repaying the principal, saying nothing of the interest. It is more important that he should be able to use the \$100 so as to add \$125 rather than \$75 to his crop, than it is that he should be able to borrow at 5 per cent or even without interest.

An unproductive enterprise is not a safe basis for borrowing under any conditions. In other words, it is of more importance that the enterprise in which one is engaged shall be a productive enterprise than that the rate of interest at which one can borrow money is high or low.

The first and more important rule to be observed, therefore, in the use of farm credit is to make sure that it is for a productive purpose, that is to say, *make sure that the purpose for which the borrowed money is to be used will produce a return greater than needed to pay the debt.* Except in extreme cases, it is bad policy to borrow for the purpose of purchasing anything which will not help to pay for itself. As a rule, the purchase of these things should be postponed until the farmer has accumulated the wherewithal out of his own earnings.

But if he borrows money to buy fertilizer and agrees to repay the loan before his crop has been harvested and sold, he may have difficulty in repaying it. One in such a predicament has three possibilities open to him. He may receive money from some other source at the time the loan falls due, he may get the loan extended or the note renewed, or he may be sold out by his creditor. The first is not altogether desirable because it violates an important principle of business management; namely, that each part of the business shall provide the means of paying its own expenses. The second is unde-

sirable because it puts him in the position of requesting a favor of his creditor, whereas all business arrangements between man and man ought to be so clear and so definite that neither shall need to ask special favors of the other. The third needs no comment.

REPAYMENT AND DURATION OF LOAN.

This brings us to the second rule to be observed in the use of farm credit. The contract should provide for the repayment of the principal at the most convenient time; that is, when the farmer is most likely to have the means wherewith to repay it.

The third rule is closely related to the second. It has to do with the duration of the loan, or the time for which the loan is to run. If a man borrows to buy fertilizer which is to be used up in one year, the loan ought not to run for more than a year. If he is not able to pay the loan with his first crop, he will never be in a position to pay it, unless he draws upon some other source for the money. This violates the first rule. Again, it should not be for a shorter period than the growing season of the crop; for that would violate the second rule. If he borrows for the purpose of buying a twine-binder which will help in the harvesting of several grain crops, each crop should not only pay the annual interest charge, but a part of the principal as well. A small loan of this kind, for an investment which lasts only a few years, may not give much trouble and may not require any special method of repayment. But a heavy loan, for the purchase of land or the making of costly and durable improvements, may lay a considerable financial strain upon the farmer. Any method which will relieve that strain is, therefore, a matter of importance.

In order to reduce the strain as much as possible the loan should be for a long period of time. In no case, of course, as stated above, should the loan outlast the improvement. If the borrower wants the money to build a silo, and the silo will last 10 years, the loan should not be for more than 10 years. It is better to err on the safe side, if at all, and pay the debt off in less than 10 years rather than to let it run too long. If the silo will not pay for itself in that time, it never will. On the other hand, it can scarcely be expected to pay for itself in one or two years. Unless the borrower has other resources, it would be a financial strain if his debt has to be paid so soon. *The length of time the debt is to run should have a close relation to the productive life of the improvement for which the money is borrowed.* This will do away with the necessity of having the loan frequently renewed, and it will free the borrower from subjection to an unscrupulous lender who might refuse to renew a short-time loan and insist on foreclosure.

REPAYMENT OF LONG-TIME LOANS.

The fourth rule is that *provision should be made in the long-time loan for the gradual reduction of the principal*. There are two well-recognized ways of doing this. One is to provide in the note that, on any interest date, the borrower may, if he so desires, repay a part of the principal. As the principal is gradually reduced the annual interest charge is likewise reduced, and by paying the same sum annually, the debt is gradually wiped out. Another method is to provide in the note itself for a definite rate of amortization by fixed annual or semiannual payments. Each of these fixed payments not only pays the interest but a small part of the principal besides, eventually wiping it out completely. Farmers are strongly advised, in all long-time loans, to insist on one or the other of these methods of repayment. It may be necessary to organize and work together in order to secure these and other favorable terms.

An examination of the tables at the end of this article will show what may be done by the method of amortization by fixed annual and semiannual payments.

RATES OF INTEREST.

The fifth rule is that *as low interest rates as possible should be secured*. While this is obvious enough, it is apparently not quite clear to a good many farmers just how to secure low interest rates. Interest rates, like prices in general, depend upon the law of supply and demand. When there is more loanable capital in a community than is wanted by the borrowers of that community, the rate of interest is low and the borrowers can dictate terms. When there is less loanable capital than is wanted by borrowers, interest is high and the lenders dictate terms. Obviously, therefore, it is to the interest of the borrowers to increase the number of lenders, or, at least, to increase the amount of loanable capital in their community. The way to increase the supply of loanable capital is not to denounce lenders and hold them up to public hatred. That is like throwing clubs at chickens to cure them of shyness and make them come when they are called. The right way is just the opposite of that; it is to make the neighborhood attractive to lenders, so that they will be anxious to come. Then the borrowers will be able to secure favorable terms. So long as lenders are hated, so long as borrowers habitually try to beat the lenders and force them to resort to legal proceedings to collect, just so long will the right kind of lenders avoid such a community, interest rates will be high, terms unfavorable, and foreclosures frequent. The only kind of lenders who will go to such a community are the loan sharks, who go in for the purpose of

taking advantage of high interest rates and who watch for chances to foreclose mortgages.

IMPROVING CREDIT CONDITIONS.

The point to remember is that the farmers have it within their power to a large extent to remedy these conditions themselves, though it may take some careful planning and hard work. In the first place, they must disabuse their minds of the notion that tangible property, such as land, furnishes the best security in the world. The business ability and character of the borrower are of even greater importance in such transactions than the value of the land he may own. Where farmers are known to be capable of paying their debts and willing to do so promptly and without legal proceedings, there credit conditions are good, because the right kind of lenders are attracted. The right kind of lenders do not like to foreclose mortgages or resort to any form of legal procedure. They will avoid any neighborhood where such things occur frequently, and leave it to others less considerate. The right kind of money lender merely wants his principal back, together with the stipulated rate of interest. Where these are assured to him without the vexation of legal procedure, he will go. Generally speaking, that is why such vast quantities of loanable capital are going to certain farming sections and lending at low rates, rather than going to other sections where high rates might be secured.

It must be admitted, however, that one farmer can do very little, when working alone, to give his neighborhood a better financial reputation, or to attract the right kind of lenders. This is a problem which must be worked out by the whole community, or, at least, by a considerable group of men. Ten just men, it will be remembered, might have saved even Sodom and Gomorrah. If there are nine other men in your neighborhood in whom you have confidence, who have confidence in one another and in you, you and they may be able to work out this problem together. If ten men can not be found in a community who have confidence in one another, how can they hope to find lenders from the outside who will have confidence enough in that community to risk lending money there?

If ten or more who have confidence in one another, enough confidence to be willing to trust one another financially, can get together and hold together, they can eventually work out their credit problems.

The tables on pages 8, 9, and 10 show the time necessary to pay a debt of \$1,000, at 5 per cent, by annual payments of \$100, \$90, \$80, \$75, and \$70.

TABLE 1.—*Amortization table.*

| | |
|-----------------------|--------------|
| Amount of loan..... | \$1,000 |
| Length of term..... | years.. 15 |
| Rate of interest..... | per cent.. 5 |
| Annual payments..... | \$100 |

[These figures apply proportionately to a loan of any amount whatever.]

| Annual periods. | Total annual payment. | Interest at 5 per cent. | Paid on principal. | Amount of principal still unpaid. |
|-----------------|-----------------------|-------------------------|--------------------|-----------------------------------|
| 1..... | \$100.00 | \$50.00 | \$50.00 | \$950.00 |
| 2..... | 100.00 | 47.50 | 52.50 | 897.50 |
| 3..... | 100.00 | 44.87 | 55.13 | 842.38 |
| 4..... | 100.00 | 42.12 | 57.88 | 784.49 |
| 5..... | 100.00 | 39.22 | 60.78 | 723.72 |
| 6..... | 100.00 | 36.19 | 63.81 | 659.90 |
| 7..... | 100.00 | 33.00 | 67.00 | 592.90 |
| 8..... | 100.00 | 29.64 | 70.36 | 522.54 |
| 9..... | 100.00 | 26.13 | 73.87 | 448.67 |
| 10..... | 100.00 | 22.43 | 77.57 | 371.11 |
| 11..... | 100.00 | 18.56 | 81.44 | 289.66 |
| 12..... | 100.00 | 14.48 | 85.52 | 204.14 |
| 13..... | 100.00 | 10.21 | 89.79 | 114.35 |
| 14..... | 100.00 | 5.72 | 94.28 | 20.07 |
| 15..... | 21.07 | 1.00 | 20.07 | ..... |
| Total..... | 1,421.07 | 421.07 | 1,000.00 | ..... |

TABLE 2.—*Amortization table.*

| | |
|-----------------------|--------------|
| Amount of loan..... | \$1,000 |
| Length of term..... | years.. 17 |
| Rate of interest..... | per cent.. 5 |
| Annual payments..... | \$90 |

[These figures apply proportionately to a loan of any amount whatever.]

| Annual periods. | Total annual payment. | Interest at 5 per cent. | Paid on principal. | Amount of principal still unpaid. |
|-----------------|-----------------------|-------------------------|--------------------|-----------------------------------|
| 1..... | \$90.00 | \$50.00 | \$40.00 | \$960.00 |
| 2..... | 90.00 | 48.00 | 42.00 | 918.00 |
| 3..... | 90.00 | 45.90 | 44.10 | 873.90 |
| 4..... | 90.00 | 43.70 | 46.31 | 827.60 |
| 5..... | 90.00 | 41.38 | 48.62 | 778.97 |
| 6..... | 90.00 | 38.95 | 51.05 | 727.92 |
| 7..... | 90.00 | 36.40 | 53.60 | 674.32 |
| 8..... | 90.00 | 33.72 | 56.28 | 618.04 |
| 9..... | 90.00 | 30.90 | 59.10 | 558.94 |
| 10..... | 90.00 | 27.95 | 62.05 | 496.88 |
| 11..... | 90.00 | 24.84 | 65.16 | 431.73 |
| 12..... | 90.00 | 21.59 | 68.41 | 363.31 |
| 13..... | 90.00 | 18.16 | 71.83 | 291.48 |
| 14..... | 90.00 | 14.57 | 75.43 | 216.05 |
| 15..... | 90.00 | 10.80 | 79.20 | 136.86 |
| 16..... | 90.00 | 6.84 | 83.16 | 53.70 |
| 17..... | 56.38 | 2.68 | 53.70 | ..... |
| Total..... | 1,496.38 | 496.38 | 1,000.00 | ..... |

TABLE 3.—*Amortization table.*

| | |
|-----------------------|-----------------|
| Amount of loan..... | \$1,000 |
| Length of term..... | years..... 21 |
| Rate of interest..... | per cent..... 5 |
| Annual payments..... | \$80 |

[These figures apply proportionately to a loan of any amount whatever.]

| Annual periods. | Total annual payment. | Interest at 5 per cent. | Paid on principal. | Amount of principal still unpaid. |
|-----------------|-----------------------|-------------------------|--------------------|-----------------------------------|
| 1..... | \$80.00 | \$50.00 | \$30.00 | \$970.00 |
| 2..... | 80.00 | 48.50 | 31.50 | 938.50 |
| 3..... | 80.00 | 46.93 | 33.07 | 905.43 |
| 4..... | 80.00 | 45.27 | 34.73 | 870.70 |
| 5..... | 80.00 | 43.54 | 36.47 | 834.23 |
| 6..... | 80.00 | 41.71 | 38.29 | 795.94 |
| 7..... | 80.00 | 39.80 | 40.20 | 755.74 |
| 8..... | 80.00 | 37.79 | 42.21 | 713.53 |
| 9..... | 80.00 | 35.68 | 44.32 | 669.20 |
| 10..... | 80.00 | 33.46 | 46.54 | 622.66 |
| 11..... | 80.00 | 31.13 | 48.87 | 573.80 |
| 12..... | 80.00 | 28.69 | 51.31 | 522.49 |
| 13..... | 80.00 | 26.12 | 53.87 | 468.61 |
| 14..... | 80.00 | 23.43 | 56.57 | 412.04 |
| 15..... | 80.00 | 20.60 | 59.40 | 352.64 |
| 16..... | 80.00 | 17.63 | 62.37 | 290.27 |
| 17..... | 80.00 | 14.51 | 65.49 | 224.79 |
| 18..... | 80.00 | 11.24 | 68.76 | 156.03 |
| 19..... | 80.00 | 7.80 | 72.20 | 83.83 |
| 20..... | 80.00 | 4.19 | 75.81 | 8.02 |
| 21..... | 8.42 | .40 | 8.02 | ..... |
| Total..... | 1,608.42 | 608.42 | 1,000.00 | ..... |

TABLE 4.—*Amortization table.*

| | |
|-----------------------|-----------------|
| Amount of loan..... | \$1,000 |
| Length of term..... | years..... 23 |
| Rate of interest..... | per cent..... 5 |
| Annual payments..... | \$75 |

[These figures apply proportionately to a loan of any amount whatever.]

| Annual periods. | Total annual payment. | Interest at 5 per cent. | Paid on principal. | Amount of principal still unpaid. |
|-----------------|-----------------------|-------------------------|--------------------|-----------------------------------|
| 1..... | \$75.00 | \$50.00 | \$25.00 | \$975.00 |
| 2..... | 75.00 | 48.75 | 26.25 | 948.75 |
| 3..... | 75.00 | 47.44 | 27.56 | 921.19 |
| 4..... | 75.00 | 46.06 | 28.94 | 892.25 |
| 5..... | 75.00 | 44.61 | 30.39 | 861.86 |
| 6..... | 75.00 | 43.09 | 31.91 | 829.95 |
| 7..... | 75.00 | 41.50 | 33.50 | 796.45 |
| 8..... | 75.00 | 39.82 | 35.18 | 761.27 |
| 9..... | 75.00 | 38.06 | 36.94 | 724.34 |
| 10..... | 75.00 | 36.22 | 38.78 | 685.55 |
| 11..... | 75.00 | 34.28 | 40.72 | 644.83 |
| 12..... | 75.00 | 32.24 | 42.76 | 602.08 |
| 13..... | 75.00 | 30.10 | 44.90 | 557.17 |
| 14..... | 75.00 | 27.86 | 47.14 | 510.03 |
| 15..... | 75.00 | 25.50 | 49.50 | 460.54 |

TABLE 4.—*Amortization table*—Continued.

| Annual periods. | Total annual payment. | Interest at 5 per cent. | Paid on principal. | Amount of principal still unpaid. |
|-----------------|-----------------------|-------------------------|--------------------|-----------------------------------|
| 16..... | \$75. 00 | \$23. 03 | \$51. 97 | \$408. 56 |
| 17..... | 75. 00 | 20. 43 | 54. 57 | 353. 99 |
| 18..... | 75. 00 | 17. 70 | 57. 30 | 296. 69 |
| 19..... | 75. 00 | 14. 83 | 60. 17 | 236. 52 |
| 20..... | 75. 00 | 11. 83 | 63. 17 | 173. 35 |
| 21..... | 75. 00 | 8. 67 | 66. 33 | 107. 02 |
| 22..... | 75. 00 | 5. 35 | 69. 65 | 37. 37 |
| 23..... | 39. 24 | 1. 87 | 37. 37 | ..... |
| Total..... | 1, 689. 24 | 689. 24 | 1, 000. 00 | ..... |

TABLE 5.—*Amortization table.*

| | |
|-----------------------|--------------|
| Amount of loan..... | \$1,000 |
| Length of term..... | years.. 26 |
| Rate of interest..... | per cent.. 5 |
| Annual payments..... | \$70 |

[These figures apply proportionately to a loan of any amount whatever.]

| Annual periods. | Total annual payment. | Interest at 5 per cent. | Paid on principal. | Amount of principal still unpaid. |
|-----------------|-----------------------|-------------------------|--------------------|-----------------------------------|
| 1..... | \$70. 00 | \$50. 00 | \$20. 00 | \$980. 00 |
| 2..... | 70. 00 | 49. 00 | 21. 00 | 959. 00 |
| 3..... | 70. 00 | 47. 95 | 22. 05 | 936. 95 |
| 4..... | 70. 00 | 46. 85 | 23. 15 | 913. 80 |
| 5..... | 70. 00 | 45. 69 | 24. 31 | 889. 49 |
| 6..... | 70. 00 | 44. 47 | 25. 52 | 863. 96 |
| 7..... | 70. 00 | 43. 20 | 26. 80 | 837. 16 |
| 8..... | 70. 00 | 41. 86 | 28. 14 | 809. 02 |
| 9..... | 70. 00 | 40. 45 | 29. 55 | 779. 47 |
| 10..... | 70. 00 | 38. 97 | 31. 03 | 748. 44 |
| 11..... | 70. 00 | 37. 42 | 32. 58 | 715. 86 |
| 12..... | 70. 00 | 35. 79 | 34. 21 | 681. 66 |
| 13..... | 70. 00 | 34. 08 | 35. 92 | 645. 74 |
| 14..... | 70. 00 | 32. 29 | 37. 71 | 608. 03 |
| 15..... | 70. 00 | 30. 40 | 39. 60 | 568. 43 |
| 16..... | 70. 00 | 28. 42 | 41. 58 | 526. 85 |
| 17..... | 70. 00 | 26. 34 | 43. 66 | 483. 19 |
| 18..... | 70. 00 | 24. 16 | 45. 84 | 437. 35 |
| 19..... | 70. 00 | 21. 87 | 48. 13 | 389. 22 |
| 20..... | 70. 00 | 19. 46 | 50. 54 | 338. 68 |
| 21..... | 70. 00 | 16. 94 | 53. 07 | 285. 61 |
| 22..... | 70. 00 | 14. 28 | 55. 72 | 229. 89 |
| 23..... | 70. 00 | 11. 50 | 58. 50 | 171. 39 |
| 24..... | 70. 00 | 8. 57 | 61. 43 | 109. 96 |
| 25..... | 70. 00 | 5. 50 | 64. 50 | 45. 46 |
| 26..... | 47. 73 | 2. 27 | 45. 46 | ..... |
| Total..... | 1, 797. 73 | 797. 73 | 1, 000. 00 | ..... |

The tables on pages 11, 12, 13, and 14 show the time necessary to pay a debt of \$1,000, at 6 per cent interest, by annual payments of \$100, \$90, \$80, \$75, and \$70.

TABLE 6.—*Amortization table.*

| | |
|-----------------------|--------------|
| Amount of loan..... | \$1,000 |
| Length of term..... | years.. 16 |
| Rate of interest..... | per cent.. 6 |
| Annual payments..... | \$100 |

[These figures apply proportionately to a loan of any amount whatever.]

| Annual periods. | Total annual payment. | Interest at 6 per cent. | Paid on principal. | Amount of principal still unpaid. |
|-----------------|-----------------------|-------------------------|--------------------|-----------------------------------|
| 1..... | \$100.00 | \$60.00 | \$40.00 | \$960.00 |
| 2..... | 100.00 | 57.60 | 42.40 | 917.60 |
| 3..... | 100.00 | 55.06 | 44.94 | 872.66 |
| 4..... | 100.00 | 52.36 | 47.64 | 825.02 |
| 5..... | 100.00 | 49.50 | 50.50 | 774.52 |
| 6..... | 100.00 | 46.47 | 53.53 | 720.99 |
| 7..... | 100.00 | 43.26 | 56.74 | 664.25 |
| 8..... | 100.00 | 39.85 | 60.15 | 604.10 |
| 9..... | 100.00 | 36.25 | 63.75 | 540.35 |
| 10..... | 100.00 | 32.42 | 67.58 | 472.77 |
| 11..... | 100.00 | 28.37 | 71.63 | 401.13 |
| 12..... | 100.00 | 24.07 | 75.93 | 325.20 |
| 13..... | 100.00 | 19.51 | 80.49 | 244.71 |
| 14..... | 100.00 | 14.68 | 85.32 | 159.40 |
| 15..... | 100.00 | 9.56 | 90.44 | 68.96 |
| 16..... | 73.10 | 4.14 | 68.96 | ..... |
| Total..... | 1,573.10 | 573.10 | 1,000.00 | ..... |

TABLE 7.—*Amortization table.*

| | |
|-----------------------|--------------|
| Amount of loan..... | \$1,000 |
| Length of term..... | years.. 19 |
| Rate of interest..... | per cent.. 6 |
| Annual payments..... | \$90 |

[These figures apply proportionately to a loan of any amount whatever.]

| Annual periods. | Total annual payment. | Interest at 6 per cent. | Paid on principal. | Amount of principal still unpaid. |
|-----------------|-----------------------|-------------------------|--------------------|-----------------------------------|
| 1..... | \$90.00 | \$60.00 | \$30.00 | \$970.00 |
| 2..... | 90.00 | 58.20 | 31.80 | 938.20 |
| 3..... | 90.00 | 56.29 | 33.71 | 904.49 |
| 4..... | 90.00 | 54.27 | 35.73 | 868.76 |
| 5..... | 90.00 | 52.13 | 37.87 | 830.89 |
| 6..... | 90.00 | 49.85 | 40.15 | 790.74 |
| 7..... | 90.00 | 47.44 | 42.55 | 748.18 |
| 8..... | 90.00 | 44.89 | 45.11 | 703.08 |
| 9..... | 90.00 | 42.19 | 47.82 | 655.26 |
| 10..... | 90.00 | 39.32 | 50.68 | 604.58 |

TABLE 7.—*Amortization table*—Continued.

| Annual periods. | Total annual payment. | Interest at 6 per cent. | Paid on principal. | Amount of principal still unpaid. |
|-----------------|-----------------------|-------------------------|--------------------|-----------------------------------|
| 11..... | \$90. 00 | \$36. 28 | \$53. 72 | \$550. 85 |
| 12..... | 90. 00 | 33. 05 | 56. 95 | 493. 90 |
| 13..... | 90. 00 | 29. 63 | 60. 37 | 433. 54 |
| 14..... | 90. 00 | 26. 01 | 63. 99 | 369. 55 |
| 15..... | 90. 00 | 22. 17 | 67. 83 | 301. 72 |
| 16..... | 90. 00 | 18. 10 | 71. 90 | 229. 82 |
| 17..... | 90. 00 | 13. 79 | 76. 21 | 153. 61 |
| 18..... | 90. 00 | 9. 22 | 80. 78 | 72. 83 |
| 19..... | 77. 20 | 4. 37 | 72. 83 | ..... |
| Total..... | 1, 697. 20 | 697. 20 | 1, 000. 00 | ..... |

TABLE 8.—*Amortization table.*

| | |
|-----------------------|--------------|
| Amount of loan..... | \$1,000 |
| Length of term..... | years-- 24 |
| Rate of interest..... | per cent.. 6 |
| Annual payments..... | \$80 |

[These figures apply proportionately to a loan of any amount whatever.]

| Annual periods. | Total annual payment. | Interest at 6 per cent. | Paid on principal. | Amount of principal still unpaid. |
|-----------------|-----------------------|-------------------------|--------------------|-----------------------------------|
| 1..... | \$80. 00 | \$60. 00 | \$20. 00 | \$980. 00 |
| 2..... | 80. 00 | 58. 80 | 21. 20 | 958. 80 |
| 3..... | 80. 00 | 57. 53 | 22. 47 | 936. 33 |
| 4..... | 80. 00 | 56. 18 | 23. 82 | 912. 51 |
| 5..... | 80. 00 | 54. 75 | 25. 25 | 887. 26 |
| 6..... | 80. 00 | 53. 24 | 26. 76 | 860. 49 |
| 7..... | 80. 00 | 51. 63 | 28. 37 | 832. 12 |
| 8..... | 80. 00 | 49. 93 | 30. 07 | 802. 05 |
| 9..... | 80. 00 | 48. 12 | 31. 88 | 770. 17 |
| 10..... | 80. 00 | 46. 21 | 33. 79 | 736. 38 |
| 11..... | 80. 00 | 44. 18 | 35. 82 | 700. 57 |
| 12..... | 80. 00 | 42. 03 | 37. 97 | 662. 60 |
| 13..... | 80. 00 | 39. 76 | 40. 24 | 622. 36 |
| 14..... | 80. 00 | 37. 34 | 42. 66 | 579. 70 |
| 15..... | 80. 00 | 34. 78 | 45. 22 | 534. 48 |
| 16..... | 80. 00 | 32. 07 | 47. 93 | 486. 55 |
| 17..... | 80. 00 | 29. 19 | 50. 81 | 435. 74 |
| 18..... | 80. 00 | 26. 14 | 53. 86 | 381. 89 |
| 19..... | 80. 00 | 22. 91 | 57. 09 | 324. 80 |
| 20..... | 80. 00 | 19. 49 | 60. 51 | 264. 29 |
| 21..... | 80. 00 | 15. 86 | 64. 14 | 200. 14 |
| 22..... | 80. 00 | 12. 01 | 67. 99 | 132. 15 |
| 23..... | 80. 00 | 7. 93 | 72. 07 | 60. 08 |
| 24..... | 63. 68 | 3. 60 | 60. 08 | ..... |
| Total..... | 1, 903. 68 | 903. 68 | 1, 000. 00 | ..... |

TABLE 9.—*Amortization table.*

| | |
|-----------------------|--------------|
| Amount of loan..... | \$1,000 |
| Length of term..... | years.. 28 |
| Rate of interest..... | per cent.. 6 |
| Annual payments..... | \$75 |

[These figures apply proportionately to a loan of any amount whatever.]

| Annual periods. | Total annual payment. | Interest at 6 per cent. | Paid on principal. | Amount of principal still unpaid. |
|-----------------|-----------------------|-------------------------|--------------------|-----------------------------------|
| 1..... | \$75.00 | \$60.00 | \$15.00 | \$985.00 |
| 2..... | 75.00 | 59.10 | 15.90 | 969.10 |
| 3..... | 75.00 | 58.15 | 16.85 | 952.25 |
| 4..... | 75.00 | 57.13 | 17.87 | 934.38 |
| 5..... | 75.00 | 56.06 | 18.94 | 915.44 |
| 6..... | 75.00 | 54.93 | 20.07 | 895.37 |
| 7..... | 75.00 | 53.72 | 21.28 | 874.09 |
| 8..... | 75.00 | 52.45 | 22.56 | 851.54 |
| 9..... | 75.00 | 51.09 | 23.91 | 827.63 |
| 10..... | 75.00 | 49.66 | 25.34 | 802.29 |
| 11..... | 75.00 | 48.14 | 26.86 | 775.43 |
| 12..... | 75.00 | 46.52 | 28.48 | 746.95 |
| 13..... | 75.00 | 44.82 | 30.18 | 716.77 |
| 14..... | 75.00 | 43.01 | 31.99 | 684.77 |
| 15..... | 75.00 | 41.09 | 33.91 | 650.86 |
| 16..... | 75.00 | 39.05 | 35.95 | 614.91 |
| 17..... | 75.00 | 36.89 | 38.11 | 576.81 |
| 18..... | 75.00 | 34.61 | 40.39 | 536.41 |
| 19..... | 75.00 | 32.18 | 42.82 | 493.60 |
| 20..... | 75.00 | 29.61 | 45.38 | 448.22 |
| 21..... | 75.00 | 26.89 | 48.11 | 400.11 |
| 22..... | 75.00 | 24.01 | 50.99 | 349.11 |
| 23..... | 75.00 | 20.95 | 54.05 | 295.06 |
| 24..... | 75.00 | 17.70 | 57.30 | 237.76 |
| 25..... | 75.00 | 14.27 | 60.73 | 177.03 |
| 26..... | 75.00 | 10.62 | 64.38 | 112.65 |
| 27..... | 75.00 | 6.76 | 68.24 | 44.41 |
| 28..... | 47.07 | 2.66 | 44.41 | ..... |
| Total..... | 2,072.07 | 1,072.07 | 1,000.00 | ..... |

TABLE 10.—*Amortization table.*

| | |
|-----------------------|--------------|
| Amount of loan..... | \$1,000 |
| Length of term..... | years.. 34 |
| Rate of interest..... | per cent.. 6 |
| Annual payments..... | \$70 |

[These figures apply proportionately to a loan of any amount whatever.]

| Annual periods. | Total annual payment. | Interest at 6 per cent. | Paid on principal. | Amount of principal still unpaid. |
|-----------------|-----------------------|-------------------------|--------------------|-----------------------------------|
| 1..... | \$70.00 | \$60.00 | \$10.00 | \$990.00 |
| 2..... | 70.00 | 59.40 | 10.60 | 979.40 |
| 3..... | 70.00 | 58.76 | 11.24 | 968.16 |
| 4..... | 70.00 | 58.09 | 11.91 | 956.25 |
| 5..... | 70.00 | 57.38 | 12.62 | 943.63 |
| 6..... | 70.00 | 56.62 | 13.38 | 930.25 |
| 7..... | 70.00 | 55.81 | 14.19 | 916.06 |
| 8..... | 70.00 | 54.96 | 15.04 | 901.02 |
| 9..... | 70.00 | 54.06 | 15.94 | 885.09 |
| 10..... | 70.00 | 53.11 | 16.89 | 868.19 |
| 11..... | 70.00 | 52.09 | 17.91 | 850.28 |
| 12..... | 70.00 | 51.02 | 18.98 | 831.30 |
| 13..... | 70.00 | 49.88 | 20.12 | 811.18 |
| 14..... | 70.00 | 48.67 | 21.33 | 789.85 |
| 15..... | 70.00 | 47.39 | 22.61 | 767.24 |
| 16..... | 70.00 | 46.03 | 23.97 | 743.27 |
| 17..... | 70.00 | 44.60 | 25.40 | 717.87 |
| 18..... | 70.00 | 43.07 | 26.93 | 690.94 |
| 19..... | 70.00 | 41.46 | 28.54 | 662.40 |
| 20..... | 70.00 | 39.74 | 30.26 | 632.14 |
| 21..... | 70.00 | 37.93 | 32.07 | 600.07 |
| 22..... | 70.00 | 36.00 | 34.00 | 566.08 |
| 23..... | 70.00 | 33.96 | 36.04 | 530.04 |
| 24..... | 70.00 | 31.80 | 38.20 | 491.84 |
| 25..... | 70.00 | 29.51 | 40.49 | 451.35 |
| 26..... | 70.00 | 27.08 | 42.92 | 408.43 |
| 27..... | 70.00 | 24.51 | 45.49 | 362.94 |
| 28..... | 70.00 | 21.78 | 48.22 | 314.72 |
| 29..... | 70.00 | 18.88 | 51.12 | 263.60 |
| 30..... | 70.00 | 15.82 | 54.18 | 209.42 |
| 31..... | 70.00 | 12.56 | 57.44 | 151.98 |
| 32..... | 70.00 | 9.12 | 60.88 | 91.10 |
| 33..... | 70.00 | 5.47 | 64.53 | 26.56 |
| 34..... | 28.15 | 1.59 | 26.56 | ..... |
| Total..... | 2,338.15 | 1,338.15 | 1,000.00 | ..... |

